

**PAYNE TOWNSHIP
WICHITA, KANSAS**

AGREED-UPON PROCEDURES REPORT

Independent Accountant's Report
On Applying Agreed-Upon Procedures

December 18, 2019

Board of Payne Township
Bryan Jaax
12010 E 69th St. N.
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We have performed the procedures enumerated below, which were agreed to by the Board of Payne Township solely to assist you with respect to completing certain required procedures regarding the Township's operations for the year ended December 31, 2018. The Kansas Municipal Audit and Accounting Guide (KSA 75-1122) requires agreed upon procedures to be performed on municipalities with receipts/bonds in excess of \$275,000, but not more than \$500,000. The Board of Payne Township is responsible for the Payne Township, Wichita, Kansas. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- **Procedure one:** Tie the municipality's total cash per books at year-end to source documents. This should include a review of the bank reconciliation for the last month of the year.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure two:** Reconcile the year-end cash balance as shown on the Statement of Cash Receipts and Cash Disbursements to: 1) demand deposits at the Municipality's official depository, 2) time deposits at the Municipality's official depository, 3) investments in U.S. Treasury bills; and other cash/investment accounts.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure three:** Using the last bank statement of the year, compare total deposits in excess of FDIC insurance to securities pledged to secure the excess deposits, as evidenced by joint custody receipts.
 - **Findings:** No exceptions were found as a result of applying the procedure.

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- **Procedure four:** For the last bank statement of the year, compare the name of the depository institution to an entry in the official minutes that designates the institution as the Municipality's official depository.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure five:** For a minimum of two months (to be selected by certified public accountant) trace any interest income from the bank statement to the municipality's cash receipts records.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure six:** For a minimum of two separate months (to be selected by the certified public accountant), trace non-mail cash receipts from the receipt book to the bookkeeping records to determine if the receipts were properly recorded. Also, for the same two months, trace bookkeeping entries for cash receipts to the bank statement to determine if receipts are deposited intact and on a timely basis.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure seven:** For approximately ten percent of the non-payroll cash disbursements (to be selected by the certified public accountant), trace disbursements from the bookkeeping records to the related invoice, bank statement, and canceled check
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure eight:** For a minimum of one month (to be selected by the certified public accountant) compare the disbursements as recorded in the check register to an entry in the official minutes that approve the disbursements.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure nine:** Examine evidence of encumbrances and accounts payable, and determine if they have been properly stated in the financial statements as of the end of the year. Evidence of encumbrances would include unpaid purchase orders and contracts. Evidence of accounts payable would include unpaid invoices and receiving reports.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure ten:** Review the credit card policy and internal controls of the municipality. For a minimum of two months (to be selected by the certified public accountant), review the municipality's credit card transactions to determine if approvals, expenditure procedures, and proper classification of expenditures were followed. In the agreed upon procedure report, describe the credit card procedure, if the credit card procedures and internal controls are being followed, and if the municipality's credit cards are only in the name of the municipality.
 - **Findings:** At December 31, 2018, the Township did not have a policy in effect. However, Effective October 7, 2019 the Township adopted and implemented a policy.
- **Procedure eleven:** Review payroll for a minimum of one month (to be selected by certified public accountant) to determine that proper deductions and employer contributions are being remitted.
 - **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure twelve:** For the last month of the year review the payroll records for each employee to determine if a deduction for KPERS (Kansas Public Employees Retirement System) was made.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure thirteen:** Compare the following items in the current year financial statement to the same items in the prior year financial statement to determine if there is a variance of more than 25 percent per fund: 1) total cash receipts, 2) total cash disbursements, 3) encumbrances and accounts payable, and 4) ending unencumbered cash balance. For variances larger than 25 percent, examine the variance, then document and report on the reason.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure fourteen:** For a minimum of two months (to be selected by the certified public accountant), review the Municipality's month-end statement of cash receipts and cash disbursements to determine that the ending unencumbered cash balance is greater than or equal to zero.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure fifteen:** For a minimum of two months (to be selected by the certified public accountant), review the official minutes to determine that the minutes have been signed by the chairperson of the governing body.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure sixteen:** Review the Municipality's surety (fidelity) bonds to determine that all employees and officers entrusted with funds or property are covered by such a bond.
 - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure seventeen:** Review the General and Entity Specific Checklists.
 - **Findings:** No exceptions were found as a result of applying the procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's operations being appropriately completed for the year ended December 31, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Payne Township, Kansas and Board and Management and the Kansas Municipal Audit and Accounting Guide and is not intended to be and should not be used by anyone other than this specified party.

Swindoll, Janzen, Hawk & Loyd, LLC

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